



SAN LUIS OBISPO COUNTY

DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

March 25, 2009

Cathy Creswell, Deputy Director
Division of Housing Policy Development
California Department of Housing and Community Development
P.O. Box 952053
Sacramento, CA 94252-2053

Subject: 2008 Annual Report, County of San Luis Obispo Housing Element

Ms. Creswell,

Enclosed is the County of San Luis Obispo's 2008 Annual Report showing progress on Housing Element programs. If you have any questions, please contact me at mtorell@co.slo.ca.us or (805) 781-5113.

Sincerely,

Morgan Torell, Planner III
County of San Luis Obispo

HOUSING POLICY
DEVELOPMENT, HCD

MAR 30 2009

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	County of San Luis Obispo
Reporting Period	1-Jan-08 31-Dec-08

Table A

Annual Building Activity Report
Very Low-, Low-, and Moderate-Income Units and Mixed-Income Multifamily Projects

Housing Development Information										Housing with Financial Assistance and/or Deed Restrictions		Housing without Financial Assistance or Deed Restrictions	
1	2	3	4				5	6	7	8			
Project Identifier (may be APN No., project name or address)	Unit Category	Tenure R=Renter O=Owner	Affordability by Household Incomes				Total Units per Project	Assistance Programs for Each Development	Deed Restricted Units	Note below the number of units determined to be affordable without financial or deed restrictions and attach an explanation how the jurisdiction determined the units were affordable. Refer to instructions			
			Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income							
Cider Village	5+	R	28	12			40	TCAC	Tax Credit Requirement				
Serenity Hills	5+	R	31	11			42	TCAC	Tax Credit Requirement				
Lachen Tara	5+	R	24	4			28	TCAC, HOME, MHP	Regulatory Agreement				
Secondary Dwellings	SU	R		22	3		25			25 - units are smaller than 1200 sq.ft (aff. by design)			
Farm Support Qtrs	SF	R		4			4			4 - limited to full time employees of ag/ranch			
Mixed Use	2-4	R/O		5			5			5 - smaller units in commercial areas (aff. by design)			
(9) Total of Above Moderate from Table A2							641						
(10) Total by income units (Field 5) Table A													

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction	County of San Luis Obispo	
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Table A2

Annual building Activity Report Summary for Above Moderate-Income Units
(not including those units reported on Table A)

	Single Family	2 - 4 Units	5+ Units	Second Unit	Mobile Homes	Total
No. of Units Permitted for Above Moderate	527	15		7	92	641

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

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Reporting Period 1-Jan-08 31-Dec-08

Table C

Program Implementation Status

Program Description (By Housing Element Program Names)	Housing Programs Progress Report - Government Code Section 65583. Describe progress of all programs including progress in removing regulatory barriers as identified in Housing Element .		
Name of Program	Objective	Deadline in H.E.	Status of Program Implementation
Program HE 1.1: Designate More Residential Land	Ensure that the available supply of residential land is sufficient to meet projected needs through 2018.	2007	See attached.
Program HE 1.2: Continue Existing Development Incentives	Construction of an additional 300 more housing units for very low, low, and moderate income households.	On-going	See attached.
Program HE 1.3: Finance Infrastructure Supporting New Housing	Reduce traffic congestion and reduce neighborhood opposition to new housing development.	Pilot Project Dec. 31, 2005	See attached.
Program HE 1.4: Revise Residential Standards	Facilitate development of an additional 2,000 housing units for very low, low and moderate households with revised ordinances.	Dec. 31, 2005	See attached.
Program HE 1.5: Revise Mixed-Use Standards	Facilitate development of an estimated 400 housing units for low, very low, and moderate households with revised ordinances.	Dec. 31, 2005	See attached.

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Jurisdiction	County of San Luis Obispo		Reporting Period				
	1-Jan-08	31-Dec-08					
Program HE 1.6: Revise Standards for Secondary Dwellings		Facilitate development of an additional 200 housing units for very low, low and moderate households with revised ordinances.	Dec. 31, 2005	See attached.			
Program HE 1.7: Direct Financial Assistance for Housing		50 very low and 50 low income units.	On-going	See attached.			
Program HE 1.8: Provide Funding for Housing Trust Fund		Establish a funding source to facilitate development of 170 new housing units for very low, low, and moderate income households over a 5-year period.	2006	See attached.			
Program HE 1.9: Require Development of Affordable Housing		Amount of affordable housing that will be produced is unknown, however affordable units will meet a portion of the identified housing need.	Dec. 31, 2005	See attached.			
Program HE 1.10: Establish Minimum Residential Multi-Family Densities		Facilitate development of an additional 400 housing units for very low, low and moderate income households with revised ordinances.	Sept. 31, 2005	See attached.			
Program HE 1.11: Create Master Planned Communities		Provide information to decision makers, communities, and property owners concerning benefits and challenges associate with master planned communities.	2004	See attached.			
Program 1.12: Facilitate Affordable Housing		Enhanced financial feasibility and greater number of affordable housing proposals from private builders.	On-going	See attached.			
Program HE 2.1: Rehabilitate 100 Housing Units		Rehabilitate 100 housing units over a 5 - year period.	On-going	See attached.			
Program HE 2.2: Ensure That Affordable Housing Remains Affordable		Maintain the pool of affordable housing without unnecessary interfering with lenders' interests.	On-going	See attached.			

ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation
(CCR Title 25 §6202)

Jurisdiction	County of San Luis Obispo		
Reporting Period	1-Jan-08	31-Dec-08	
Program HE 2.3: Address Mobilhome Park Conversions	Preservation of existing affordable housing in mobilehome parks and payments to displaced residents.	Dec. 31, 2005	See attached.

COUNTY OF SAN LUIS OBISPO
HOUSING ELEMENT PROGRESS REPORT
Housing Element Implementation
January 1 – December 31, 2008

Program HE 1.1: Designate More Residential Land

On October 31, 2005 the County issued a concept paper entitled "Inviting Proposals to Designate Additional Land in the Residential Multi-Family and Residential Single Family Land Use Categories." The County hoped to encourage land owners to apply for residential zone changes. If the property is readily developable and has convenient access to urban services and infrastructure, the County will consider supporting the zone change application if a percentage of future residential units are designated as affordable units. No formal applications have been submitted, and the County is reevaluating this task.

In May, 2006 the Planning Department began the formal process of combining the County's natural resource information into a countywide GIS map layer that will show areas with natural resource constraints. A consultant completed a data inventory of natural resources in 2007. In March 2008, proposals were sent to the County from consultants for creation of countywide vegetation and historical maps, which will fold these data layers into the existing GIS mapping system. The countywide maps are anticipated for completion by December 2009. Areas with lower levels of natural habitat value will be targeted for further review in zoning and general plan updates.

The County also gains a modest amount of new (or upzoned) residential land through County initiated community plan updates. In 2005, the County began a multi-year effort to enlarge the urban boundaries of the town of Shandon (population: 1200). Shandon's residentially zoned areas will be expanded to potentially accommodate an addition of between 500-2500 new homes. In December, 2006 the County approved the rezoning/up-zoning of 4 urban parcels in the town of San Miguel. This action created 24.1 acres of residential multi-family zoned land plus 7.4 acres of residential single family zoned land.

Compliance with Program's Schedule: This program is underway.

Program Effectiveness: A small amount of success has been reached through County initiated community plan updates.

Program HE 1.2: Continue Existing Development Incentives

The County's existing development incentives continue to be used by a small but growing number of developers:

- Exemptions from the Growth Management Ordinance (GMO) for lower and moderate income housing units – no GMO exemptions were approved in 2008.
- Public Facilities Fees waivers on construction permits for lower income units – No units finalized in 2008. Two units were finalized (Hernandez and Garcia) in 2007.
- Density Bonus Units – 4 lots were created and 10 affordable units were constructed based on density bonuses in 2008.
- Fast Tracked Permitting – 113 affordable housing units were fast tracked in the permitting process in 2008.

Compliance with Program's Schedule: This program is in compliance for being an on-going activity.

Program Effectiveness: In 2008, the existing development incentives resulted in the construction of 113 affordable housing units.

Program HE 1:3: Finance Infrastructure Supporting New Housing

The intent of this program is to find ways to leverage infrastructure fees when new development is being planned. The County has completed the following tasks:

- Two public workshops were held in 2004 to discuss a potential private/public partnership for a specific project. This project is the construction of a freeway overpass in order to ease traffic congestion and improve residential development opportunities (Willow Road overpass in Nipomo).
- Staff has identified other critical infrastructure improvements that are needed through-out the County (i.e., community drainage improvements in San Miguel).
- In February and March of 2005, the Board of Supervisors participated in strategic planning sessions outside of its normal schedule of public meetings to identify needed actions regarding a number of important topics, such as creative infrastructure financing. The Board members concluded that a team of key staff members from the Planning and Building Department, Public Works Department, County Counsel and the Administrative Office should collaborate and report to the Board in fall of 2005 regarding options and recommendations for financing infrastructure.
- As directed, a team of key staff members was formed and conducted research into financing options and discussed strategies available to the County.
- The team presented its report on November 8, 2005 (but that event is outside of the 2004/05 fiscal year).
- In 2006 and 2007 the County reviewed various innovative financing scenarios, even as the Willow Road project cost continued to rise.
- In October 2007, the County hired a consultant to assist in creation of a Community Facilities District to finance a portion of the Willow Road project cost.
- In 2007 the County initiated construction of another (smaller) road project matching STIP funds with local General Fund supported debt through Certificates of Participation.
- In 2008, the County Public Works Department received conceptual endorsement by the Board of Supervisors for funding of the Willow Road pilot project. In 2009 the County will conduct community outreach to support a 2010 ballot measure for existing residents to agree to a parcel tax that would finance another portion of the Willow Road project cost.

Compliance with Program's Schedule: This program is underway. Full implementation of the pilot project is 36 months behind schedule.

Program Effectiveness: Not yet known.

Program HE 1:4: Revise Residential Standards

In October of 2005, County staff issued a concept paper and held a series of community workshops regarding possible zoning ordinance revisions that would increase the density of new residential multi-family projects (i.e., revisions to setback, height, smaller lot size, parking, and open space requirements). In June 2006, a consultant was hired to prepare a CEQA

environmental impact report (EIR) that evaluated the impact of a package of proposed affordable housing ordinances. On Nov. 21, 2006, County staff presented a report to the Board of Supervisors describing the loss of residential multi-family zoned land to projects with detached single-family units. Additionally, County staff met with construction industry representative to identify the constraints preventing multi-family projects from being built. After considering the staff report and receiving public testimony, the Board directed staff to continue its review of the issues raised in the report. Public hearings at the Planning Commission were held on 8/9/07, 8/30/07, 9/27/07 and 11/6/07. The Planning and Building Department withdrew its proposed ordinance amendments that would have required minimum density in RMF sites, reduced minimum RSF parcel size, reduced setbacks, and revised RMF intensity standards before the Planning Commission completed public hearings. The reasons for withdrawing this package included the following:

- New information became available regarding water supply problems in Nipomo and Los Osos. The groundwater is being used faster than it is being recharged. The proposed ordinances would have increased residential density, and therefore buildout population, for these communities while available water supply may not be adequate for these communities under existing ordinances.
- Several communities have roads, flood control or other infrastructure deficiencies that residents want addressed before additional density is imposed in their communities.
- The advisory councils representing all ten of the county's unincorporated communities were in strong opposition to this "density package" because of traffic, parking and other issues.

The County may reconsider this package of amendments once the water supply situation is clarified. County staff included a minimum density program in the public review draft of the Housing Element issued in March 2009.

Compliance with Program's Schedule: The proposed amendments are currently withdrawn, but the County may reconsider the package of amendments during the next Housing Element cycle.

Program Effectiveness: Not yet known.

Program HE 1:5: Revise Mixed-Use Standards

In January and February of 2006, Planning Department staff conducted research and held in-house meetings regarding the volume and type of mixed-use projects that should be encouraged. Staff found enough flexibility within the existing ordinance to promote and encourage mixed use. Therefore, revision of mixed use standards will not be required to meet the objective of increasing the stock of residential units in mixed use projects.

Compliance with Program's Schedule: This program is in compliance.

Program Effectiveness: Use of current mixed use standards is underway.

Program HE 1:6: Revise Standards for Secondary Dwellings

Pursuant to the requirements of California Assembly Bill AB 1866, the County revised its Land Use Ordinance to remove any requirements regarding discretionary permit approval for secondary dwellings. On September 12, 2006, the County Board of Supervisors approved the revisions to the secondary dwelling ordinance. The result is that the majority of secondary

dwelling applications will be approved with the granting of a construction permit and CEQA environmental clearance. The revised ordinance became effective on January 1, 2007.

As the second phase of this program, the County is offering pre-approved "stock" construction plans to the public. Homeowners are able to choose one of 11 pre-approved plans and obtain quick permit approval. County staff sponsored a design competition for secondary dwelling units in 2007 among local architects and engineers, and the stock plans became available in August, 2007.

Compliance with Program's Schedule: Adoption of the revised ordinances was completed for the inland portion of the County in 2006 (9 months behind schedule). The Coastal Commission is reviewing the locally adopted ordinance for compliance and incorporation into the County's Coastal Plan. County staff will continue its efforts to expedite the permit process for secondary dwellings through the use of stock plans and revised standards.

Program Effectiveness: Two stock plans were utilized by homeowners in 2008. Thirty two secondary dwellings were constructed in 2008.

Program HE 1:7: Direct Financial Assistance for Housing

In March 2008, the County allocated federal funds to affordable housing projects located in the unincorporated areas and in the County's cities. The following projects were funded:

- The County allocated \$500,000 in federal funds to People's Self Help Housing Corporation for acquisition of an affordable apartment complex at-risk of conversion to market rate in Templeton.
- The County allocated \$665,715 in federal funds to People's Self Help Housing for construction of affordable housing in Cambria.
- The County allocated \$20,000 in federal funds to the countywide minor home repair program administered by the local division of the Economic Opportunity Commission.
- The County made 14 first time homebuyer loans in 2008 totaling \$431,887 from HOME and ADDI grant funds.

Compliance with Program's Schedule: This program is in compliance for being an on-going activity.

Program Effectiveness: Direct financial assistance from the County using 2008 grants is funding construction or acquisition of 75 affordable apartment units and minor home repairs to 10 or more low/very low income homeowners.

Program HE 1:8: Provide Funding for Housing Trust Fund

The County is the primary sponsor of the new San Luis Obispo County Housing Trust Fund (HTF). In July 2003, the County granted \$225,000 to the HTF. The HTF organizing committee used the County's grant as "seed" money to establish a permanent non-profit HTF agency. On August 15, 2006 the County provided an additional \$200,000 grant the HTF to help pay for on-going operation costs.

The HTF is now a registered 501(c)(3) non-profit organization and a California Community Development Financial Institution (CDFI). It has secured over \$4.3 million in its revolving loan funds, and has a full time staff along with a board of directors and loan committee. The HTF

makes loans to affordable housing projects and provides counseling services to government and nonprofit agencies. The HTF made four loans thus far: a \$700,000 loan made in September 2007 to the Family Care Network, Inc. for acquisition of four apartment units for transitional housing in Atascadero, a \$283,300 loan to Family Care Network, Inc. for acquisition of a 5 unit apartment building in Arroyo Grande, a \$700,000 loan to the Housing Authority of San Luis Obispo for construction of a 19 unit senior apartment project, and a \$339,000 loan to Habitat for Humanity for construction of four detached dwellings.

Compliance with Program's Schedule: HTF met all the requirements of its original contract with the County. It is a fully established nonprofit financial assistance agency for affordable housing projects. No dedicated funding stream has been identified to date.

Program Effectiveness: The HTF has been successful in establishing itself, and is exploring its options in securing reliable funding sources.

Program HE 1:9: Require Development of Affordable Housing

The Board of Supervisors approved an Inclusionary Housing Ordinance (IHO) in 2008, and the ordinance became effective January 1, 2009. The IHO is a flexible ordinance that allows developers to choose from several methods for compliance such as constructing units on-site, paying in-lieu fees, or donating land.

Compliance with Program's Schedule: This program is completed. Approval was approximately 36 months behind schedule.

Program Effectiveness: Not yet known.

Program HE 1:10: Establish Minimum Residential Multi-Family Densities

County staff reviewed all of the residential multi-family (RMF) zoned areas within the unincorporated County. Approximately 50 undeveloped RMF parcels were identified that may be suitable for assignment of a minimum residential density requirement. In June 2006, the County hired a consultant to prepare an Environmental Impact Report (EIR) that evaluated the growth inducing impacts that might occur if the minimum density requirement is authorized. Public hearings were held on 8/9/07, 8/30/07, 9/27/07 and 11/6/07. After the 11/6/07 hearing, the Planning and Building Department withdrew its proposed ordinance amendments that would have required minimum density in RMF sites before the Planning Commission completed public hearings. The reasons for withdrawing this package included the following:

- New information became available regarding water supply problems in Nipomo and Los Osos. The groundwater is being used faster than it is being recharged. The proposed ordinances would have increased residential density, and therefore buildout population, for these communities while available water supply may not be adequate for these communities under existing ordinances.
- Several communities have roads, flood control or other infrastructure deficiencies that residents want addressed before additional density is imposed in their communities.
- The advisory councils representing all ten of the county's unincorporated communities were in strong opposition to this "density package" because of traffic, parking and other issues.

The County may reconsider this package of amendments once the water supply situation is clarified. County staff is facilitating further public discussion of minimum densities the update of the Housing Element, which was initiated in early 2008.

Compliance with Program's Schedule: The proposed amendments are currently withdrawn, but the County is reconsidering minimum densities in the public review draft of the Housing Element update.

Program Effectiveness: Not yet known.

Program HE 1:11: Create Master Planned Communities

Activity initiated under this program evolved somewhat differently than originally envisioned. The County intended to process an amendment to the Land Use Element that would encourage private parties to submit applications to establish new towns or master-planned communities. However, three owners of large parcels around the town of Shandon (population: 1,200) applied simultaneously to amend the County General Plan and allow significant development around Shandon. The County chose to consolidate those applications into a program to establish a master-planned community that includes the existing town and its immediate surroundings. In March, 2005, the County and the three applicants entered into a written agreement providing for a 3-year planning process and public-private cooperation in funding for the process. On December 12, 2006 the County accepted an amended agreement that increases the County's contribution to the project costs, time and resource commitments. An environmental constraints analysis was completed in 2006 that uncovered unanticipated resource issues. In 2007, several public workshops were held and a consultant was hired to prepare the plan. An environmental consultant will complete an Environmental Impact Report in 2009. An estimated completion date for the community master plan is 2010. Shandon is a pilot project for creating master-planned communities around the core of a very small town. The lessons learned here may allow this master-plan approach to be used with other towns.

Compliance with Program's Schedule: The extended project timeframe exceeds the schedule shown for this program in the Housing Element. The County entered into an agreement with the project applicants and has committed the funds and resources necessary to complete the new community master-plan for Shandon.

Program Effectiveness: Not yet known.

Program HE 1:12: Facilitate Affordable Housing

In FY 2004/2005 County staff counseled local community groups regarding their efforts to form a housing advocacy group now called the "Workforce Housing Coalition" (WHC). The WHC members include several organizations such as the League of Women Voters, Habitat for Humanity, Home Builders Association, SLO County Builders Exchange, the Housing Authority of the City of San Luis Obispo, a banker, a realtor, and two non-profit housing developers. The WHC membership currently includes a County Supervisor (Jim Patterson, District 5 Supervisor). WHC has a website (<http://www.slowhc.org>), conducts educational workshops regarding the need for higher density housing development, writes letters, and attends public hearings to support new projects and programs that include affordable housing. On September 16, 2006 the WHC organized the Housing Education Fair, in which over 40 housing industry vendors provided educational booths, displays, and seminars. On October 1, 2007, the WHC co-

sponsored a lecture by Shay Solomon about small homes and reducing energy costs and affordability in design and construction.

County staff conducts an annual all-day workshop for its ten community advisory committees and Planning Commission members. A key workshop topic is affordable housing, touching on the need for smart growth and more housing options, the County's progress in revising its housing ordinances, and the requirements of state law regarding affordable housing.

The County is a member of the San Luis Obispo Supportive Housing Consortium, a group that includes over twenty non-profit human services organizations that have joined in order to pool resources and coordinate activities to provide housing for at-risk and special needs segments of the population. The County provides federal funding to the Housing Consortium's Tenant-Based Rental Assistance Program (TBRA) and attends monthly meetings. The County Planning Department also partners County Social Services and homeless service providers to manage funds from the federal Continuum of Care grants.

Compliance with Program's Schedule: This program is in compliance for being an on-going activity.

Program Effectiveness: The WHC provides public education and support for affordable housing. The WHC speaks at public hearings in favor of affordable housing projects in both the County and its cities. WHC testimony helps these housing projects to be approved. For FY 08/09, the County helped the Supportive Housing Program (SHP) partnership to obtain a grant of \$848,221 for the SHP homeless services program.

Program HE 2.1: Rehabilitate 100 Housing Units

The Economic Opportunity Commission operates a successful countywide minor home repair program for low and very low income households. This program has a staff of 34 employees and repairs an average of 3,500 houses annually by doing weatherization and minor home repairs. Between 2001 and 2008, San Luis Obispo County allocated \$60,000 in federal funds to the program and assisted 20 households. In the 2008, 5 housing units were rehabilitated with \$13,410. The program has several other revenue sources and has not used all of the County allocated funds.

Compliance with Program's Schedule: This program is in compliance for being an on-going activity.

Program Effectiveness: For FY 2008/2009 the County allocated \$20,000 to this program. County funds will cover the cost of repairs for approximately 12 homes owned by lower income households. Typical repairs include addition of wheelchair ramps, replacement of deteriorated plumbing, bathroom floors, shower stalls, and kitchen cooking surfaces, as well as re-roofing.

Program HE 2.2: Ensure That Affordable Housing Remains Affordable

During the 2004 update of the County's Housing Element, many attendees at the public workshops stated that the County's affordable housing ordinances provide inadequate resale restrictions and long term affordability requirements. In October 2005, staff conducted workshops with mortgage financiers and the public to gauge the level of support for revisions to the County's affordable housing standards. On December 19, 2006, the County adopted new affordable housing standards that have the following requirements:

- Resale only to same income group, at the sales price affordable to that income group (sales price to be set by County ordinance)
- Affordable sales prices are based on a formula that considers income level, mortgage interest rate, property taxes, insurance costs and homeowner association dues.
- The affordability period is 45 years, and starts over again if the house is sold before the previous 45 year period ends.
- Two new income levels are included –“extremely low income” and “workforce.”

Staff regularly prepares legal documents to ensure that affordable housing units subject to County affordability standards are in conformance with the approved 2006 standards.

Compliance with Program’s Schedule: This program is in compliance for being an on-going activity.

Program Effectiveness: In 2008, 113 affordable rental units were constructed with deed restrictions in compliance with County affordability ordinances. In addition, the County approved an inclusionary housing ordinance in 2008, which will result in additional affordable housing units.

Program HE 2.3: Address Mobilehome Park Conversions

The Board of Supervisors approved a mobilehome park closure ordinance in 2008. There are currently 39 mobilehome parks in the unincorporated area of the County. Staff held several public hearings as well as numerous in-house meetings with mobilehome park owners and residents. In 2008, the Board of Supervisors authorized staff to start the process of preparing a new mobilehome park zone to protect existing mobilehome parks and identify land for new mobilehome parks.

Compliance with Program’s Schedule: The Board of Supervisors adopted a mobilehome park closure ordinance in 2008. Adoption was approximately 36 months behind schedule.

Program Effectiveness: Not yet known.